

AMENDED IN ASSEMBLY AUGUST 4, 2004

AMENDED IN ASSEMBLY JUNE 10, 2004

AMENDED IN SENATE MAY 4, 2004

SENATE BILL

No. 1891

Introduced by Committee on Energy, Utilities and Communications (Senators Bowen (Chair), Alarcon, Battin, Dunn, Morrow, Murray, Sher, and Vasconcellos)

March 1, 2004

An act to amend ~~Sections 25747, 25748, and 25751~~ *Section 25747* of the Public Resources Code, and to amend Sections 399.11, 399.12, 399.13, 399.14, 399.15, 399.16, and 780.5 of, to amend and renumber Section 454.1 of, and to repeal Sections 383.5 and 445 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1891, as amended, Committee on Energy, Utilities and Communications. Public utilities: metering of multiunit residences: electrical transmission facilities: renewable energy resources.

(1) Existing law requires the commission to require every residential unit in an apartment house or similar multiunit residential structure, condominium, or mobilehome park issued a building permit on or after July 1, 1982, with certain exceptions, to be individually metered for electric and gas service, except that separate metering for gas service is not required for residential units that are not equipped with gas appliances requiring venting or that receive the majority of energy used for water or space heating from a solar energy system or through cogeneration technology.

This bill would except from the requirement for separate metering for gas service, multiunit residential units which are not equipped with gas appliances requiring venting or are equipped with only vented decorative appliances or which receive the majority of energy used for water or space heating from a solar energy system or through cogeneration technology.

(2) This bill would amend and renumber a provision of the Public Utilities Code to eliminate a duplicative statutory numbering.

(3) Under the Public Utilities Act, the Public Utilities Commission requires electrical corporations to identify a separate rate component to fund in-state operation and development of existing and new and emerging renewable resources technologies. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. Existing law requires specified electrical corporations to collect specific amounts to support in-state operation and development of existing and new and emerging renewable resources technologies.

Existing provisions in the Public Resources Code and Public Utilities Code both require the State Energy Resources Conservation and Development Commission (Energy Commission) to transfer funds collected for in-state operation and development of existing and new and emerging renewable resources technologies into the Renewable Resource Trust Fund and establishes certain accounts in the fund to carry out certain renewable energy purposes. ~~The Public Resources Code requires the Energy Commission to report to the Legislature on the implementation of the Renewable Resource Trust Fund on a quarterly basis and to report on the mechanisms funded by May 31, 2000, and every 2 years thereafter. The Public Utilities Code instead requires the Energy Commission to report to the Legislature on the implementation of the Renewable Resource Trust Fund, and the mechanisms funded, on an annual basis with specified information.~~

This bill would repeal provisions in the Public Utilities Code pertaining to the creation and administration of the Renewable Resource Trust Fund by the Energy Commission ~~and would amend the provisions in the Public Resources Code to require the Energy Commission to report to the Legislature on the implementation of the Renewable Resource Trust Fund, and the mechanisms funded, on an annual basis with specified information.~~ The bill would make other technical and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



The people of the State of California do enact as follows:

SECTION 1. Section 25747 of the Public Resources Code is amended to read:

25747. (a) The commission shall adopt guidelines governing the funding programs authorized under this chapter, at a publicly noticed meeting offering all interested parties an opportunity to comment. Substantive changes to the guidelines may not be adopted without at least 10 days' written notice to the public. The public notice of meetings required by this subdivision may not be less than 30 days. Notwithstanding any other provision of law, any guidelines adopted pursuant to this chapter or Section 399.13 of the Public Utilities Code, shall be exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The Legislature declares that the changes made to this subdivision by the act amending this section during the 2002 portion of the 2001–02 Regular Session are declaratory of, and not a change in existing law.

(b) Funds to further the purposes of this chapter may be committed for multiple years.

(c) Awards made pursuant to this chapter are grants, subject to appeal to the commission upon a showing that factors other than those described in the guidelines adopted by the commission were applied in making the awards and payments. Any actions taken by an applicant to apply for, or become or remain eligible and registered to receive, payments or awards, including satisfying conditions specified by the commission, shall not constitute the rendering of goods, services, or a direct benefit to the commission.

~~SEC. 2. Section 25748 of the Public Resources Code is amended to read:~~

~~25748. (a) The commission shall report to the Legislature on or before March 31, 2004, and on or before March 31 annually thereafter, regarding the results of the mechanisms funded pursuant to this chapter. The report shall contain the following elements:~~

~~(1) A description of the allocation of funds among existing, new and emerging technologies; the allocation of funds among programs, including consumer-side incentives; and the need for the reallocation of money among those technologies.~~

~~(2) The types and quantities of biomass fuels used by facilities receiving funds pursuant to Section 25743 and their impacts on improving air quality.~~

~~(3) The status of account transfers and repayments.~~

~~(4) A description of the cumulative commitment of claims by account, the relative demand for funds by account, and a forecast of future awards.~~

~~(5) A discussion of the progress being made toward achieving the 17 percent target provided in Section 25740 by each funding category authorized pursuant to this chapter.~~

~~(6) The description of the allocation of funds from interest on the accounts described in this chapter, and money in the accounts described in subdivision (b) of Section 25751.~~

~~(7) An itemized list, including project descriptions, award amounts, and outcomes for projects awarded funding in the prior year.~~

~~(8) Other matters the Energy Commission determines may be of importance to the Legislature.~~

~~(b) Money may be reallocated without further legislative action among existing, new, and emerging technologies and consumer side programs in a manner consistent with the report and with the latest report provided to the Legislature pursuant to this section, except that reallocations may not reduce the allocation established in Section 25743 nor increase the allocation established in Section 25742.~~

~~SEC. 3. Section 25751 of the Public Resources Code is amended to read:~~

~~25751. (a) The Renewable Resource Trust Fund is hereby created in the State Treasury.~~

~~(b) The following accounts are hereby established within the Renewable Resource Trust Fund:~~

~~(1) The Existing Renewable Resources Account.~~

~~(2) New Renewable Resources Account.~~

~~(3) Emerging Renewable Resources Account.~~

~~(4) Customer Credit Renewable Resource Purchases Account.~~

~~(5) Renewable Resources Consumer Education Account.~~

~~(c) The money in the fund may be expended for the state's administration of this article only upon appropriation by the Legislature in the annual Budget Act.~~

~~(d) Notwithstanding Section 383, that portion of revenues collected by electrical corporations for the benefit of in-state operation and development of existing and new and emerging renewable resource technologies, pursuant to Section 399.8 of the Public Utilities Code, shall be transmitted to the commission at least quarterly for deposit in the Renewable Resource Trust Fund pursuant to Section 399.6 of the Public Utilities Code. After setting aside in the fund money that may be needed for expenditures authorized by the annual Budget Act in accordance with subdivision (c), the Treasurer shall immediately deposit money received pursuant to this section into the accounts created pursuant to subdivision (b) in proportions designated by the commission for the current calendar year. Notwithstanding Section 13340 of the Government Code, the money in the fund and the accounts within the fund are hereby continuously appropriated to the commission without regard to fiscal year for the purposes enumerated in this chapter.~~

~~(e) Upon notification by the commission, the Controller shall pay all awards of the money in the accounts created pursuant to subdivision (b) for purposes enumerated in this chapter. The eligibility of each award shall be determined solely by the commission based on the procedures it adopts under this chapter. Based on the eligibility of each award, the commission shall also establish the need for a multiyear commitment to any particular award and so advise the Department of Finance. Eligible awards submitted by the commission to the Controller shall be accompanied by information specifying the account from which payment should be made and the amount of each payment; a summary description of how payment of the award furthers the purposes enumerated in this chapter; and an accounting of future costs associated with any award or group of awards known to the commission to represent a portion of a multiyear funding commitment.~~

~~(f) The commission may transfer funds between accounts for cashflow purposes, provided that the balance due each account is restored and the transfer does not adversely affect any of the accounts.~~

~~(g) The Department of Finance, commencing March 1, 1999, shall conduct an independent audit of the Renewable Resource Trust Fund and its related accounts annually, and provide an audit~~

~~report to the Legislature not later than March 1 of each year for which this article is operative. The Department of Finance's report shall include information regarding revenues, payment of awards, reserves held for future commitments, unencumbered cash balances, and other matters that the Director of Finance determines may be of importance to the Legislature.~~

~~SEC. 4.—~~

SEC. 2. Section 383.5 of the Public Utilities Code is repealed.

~~SEC. 5.—~~

SEC. 3. Section 399.11 of the Public Utilities Code is amended to read:

399.11. The Legislature finds and declares all of the following:

(a) In order to attain a target of 20 percent renewable energy for the State of California and for the purposes of increasing the diversity, reliability, public health and environmental benefits of the energy mix, it is the intent of the Legislature that the California Public Utilities Commission and the State Energy Resources Conservation and Development Commission implement the California Renewables Portfolio Standard Program described in this article.

(b) Increasing California's reliance on renewable energy resources may promote stable electricity prices, protect public health, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels.

(c) The development of renewable energy resources may ameliorate air quality problems throughout the state and improve public health by reducing the burning of fossil fuels and the associated environmental impacts.

(d) The California Renewables Portfolio Standard Program is intended to complement the Renewable Energy Program administered by the State Energy Resources Conservation and Development Commission and established pursuant to Chapter 8.6 (commencing with Section 25740) of Division 15 of the Public Resources Code.

~~SEC. 6.—~~

SEC. 4. Section 399.12 of the Public Utilities Code is amended to read:

399.12. For purposes of this article, the following terms have the following meanings:

(a) ~~(1)~~ “Eligible renewable energy resource” means an electric generating facility that is one of the following:

(1) The facility meets the definition of “in-state renewable electricity generation facility” in Section 25741 of the Public Resources Code.

(2) A geothermal generation facility originally commencing operation prior to September 26, 1996, shall be eligible for purposes of adjusting a retail seller’s baseline quantity of eligible renewable energy resources except for output certified as incremental geothermal production by the Energy Commission, provided that the incremental output was not sold to an electrical corporation under contract entered into prior to September 26, 1996. For each facility seeking certification, the Energy Commission shall determine historical production trends and establish criteria for measuring incremental geothermal production that recognizes the declining output of existing steamfields and the contribution of capital investments in the facility or wellfield.

(3) The output of a small hydroelectric generation facility of 30 megawatts or less procured or owned by an electrical corporation as of the date of enactment of this article shall be eligible only for purposes of establishing the baseline of an electrical corporation pursuant to paragraph (3) of subdivision (a) of Section 399.15. A new hydroelectric facility is not an eligible renewable energy resource if it will require a new or increased appropriation or diversion of water under Part 2 (commencing with Section 1200) of Division 2 of the Water Code.

(4) A facility engaged in the combustion of municipal solid waste shall not be considered an eligible renewable resource unless it is located in Stanislaus County and was operational prior to September 26, 1996. Output from such facilities shall be eligible only for the purpose of adjusting a retail seller’s baseline quantity of eligible renewable energy resources.

(b) “Energy Commission” means the State Energy Resources Conservation and Development Commission.

(c) “Retail seller” means an entity engaged in the retail sale of electricity to end-use customers, including any of the following:

(1) An electrical corporation, as defined in Section 218.

(2) A community choice aggregator. The commission shall institute a rulemaking to determine the manner in which a community choice aggregator will participate in the renewables portfolio standard subject to the same terms and conditions applicable to an electrical corporation.

(3) An electric service provider, as defined in Section 218.3 subject to the following conditions:

(A) An electric service provider shall be considered a retail seller under this article for sales to any customer acquiring service after January 1, 2003.

(B) An electric service provider shall be considered a retail seller under this article for sales to all its customers beginning on the earlier of January 1, 2006, or the date on which a contract between an electric service provider and a retail customer expires. Nothing ~~on~~ in this subdivision may require an electric service provider to disclose the terms of the contract to the commission.

(C) The commission shall institute a rulemaking to determine the manner in which electric service providers will participate in the renewables portfolio standard. The electric service provider shall be subject to the same terms and conditions applicable to an electrical corporation pursuant to this article. Nothing in this paragraph shall impair a contract entered into between an electric service provider and a retail customer prior to the suspension of direct access by the commission pursuant to Section 80110 of the Water Code.

(4) “Retail seller” does not include any of the following:

(A) A corporation or person employing cogeneration technology or producing power consistent with subdivision (b) of Section 218.

(B) The Department of Water Resources acting in its capacity pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(C) A local publicly owned electrical utility as defined in subdivision (d) of Section 9604.

~~(e)~~

(d) “Renewables portfolio standard” means the specified percentage of electricity generated by eligible renewable energy resources that a retail seller is required to procure pursuant to Sections 399.13 and 399.15.

~~SEC. 7.—~~

1 *SEC. 5.* Section 399.13 of the Public Utilities Code is
2 amended to read:

3 399.13. The Energy Commission shall do all of the following:

4 (a) Certify eligible renewable energy resources that it
5 determines meet the criteria described in subdivision (a) of Section
6 399.12.

7 (b) Design and implement an accounting system to verify
8 compliance with the renewables portfolio standard by retail
9 sellers, to ensure that renewable energy output is counted only
10 once for the purpose of meeting the renewables portfolio standard
11 of this state or any other state, and for verifying retail product
12 claims in this state or any other state. In establishing the guidelines
13 governing this system, the Energy Commission shall collect data
14 from electricity market participants that it deems necessary to
15 verify compliance of retail sellers, in accordance with the
16 requirements of this article and the California Public Records Act
17 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
18 Title 1 of the Government Code). In seeking data from electrical
19 corporations, the Energy Commission shall request data from the
20 commission. The commission shall collect data from electrical
21 corporations and remit the data to the Energy Commission within
22 90 days of the request.

23 (c) Allocate and award supplemental energy payments
24 pursuant to ~~Section~~ Chapter 8.6 (commencing with Section
25 25740) of Division 15 of the Public Resources Code, to eligible
26 renewable energy resources to cover above-market costs of
27 renewable energy.

28 ~~SEC. 8.—~~

29 *SEC. 6.* Section 399.14 of the Public Utilities Code is
30 amended to read:

31 399.14. (a) The commission shall direct each electrical
32 corporation to prepare renewable energy procurement plans as
33 described in paragraph (3) to satisfy its obligations under the
34 renewables portfolio standard. To the extent feasible, this
35 procurement plan shall be proposed, reviewed, and adopted by the
36 commission as part of, and pursuant to, a general procurement plan
37 process. The commission shall require each electrical corporation
38 to review and update its renewable energy procurement plan as it
39 determines to be necessary.

1 (1) (A) The commission shall not require an electrical
2 corporation to conduct procurement to fulfill the renewables
3 portfolio standard until the commission determines either of the
4 following:

5 (i) The electrical corporation has attained an investment grade
6 credit rating as determined by at least two major rating agencies.

7 (ii) The electrical corporation is able to procure eligible
8 renewable energy resources on reasonable terms, those resources
9 can be financed if necessary, and the procurement will not impair
10 the restoration of an electrical corporation's creditworthiness. This
11 provision shall not apply before April 1, 2004, for any electrical
12 corporation that on June 30, 2003, is in federal court under Chapter
13 11 of the federal bankruptcy law.

14 (B) Within 90 days of the commission's determination as
15 provided in subparagraph (A), an electrical corporation shall
16 conduct solicitations to implement a renewable energy
17 procurement plan. The determination required by this paragraph
18 shall apply only to the requirements established pursuant to this
19 article. The requirements established for an electrical corporation
20 pursuant to Section 454.5 shall be governed by that section.

21 (2) Not later than six months after the effective date of this
22 section, the commission shall adopt, by rule, for all electrical
23 corporations, all of the following:

24 (A) A process for determining market prices pursuant to
25 subdivision (c) of Section 399.15. The commission shall make
26 specific determinations of market prices after the closing date of
27 a competitive solicitation conducted by an electrical corporation
28 for eligible renewable energy resources. In order to ensure that the
29 market price established by the commission pursuant to
30 subdivision (c) of Section 399.15 does not influence the amount
31 of a bid submitted through the competitive solicitation in a manner
32 that would increase the amount ratepayers are obligated to pay for
33 renewable energy, and in order to ensure that the bid price does not
34 influence the establishment of the market price, the electrical
35 corporation shall not transmit or share the results of any
36 competitive solicitation for eligible renewable energy resources
37 until the commission has established market prices pursuant to
38 subdivision (c) of Section 399.15.

39 (B) A process that provides criteria for the rank ordering and
40 selection of least-cost and best-fit renewable resources to comply

1 with the annual California Renewables Portfolio Standard
2 Program obligations on a total cost basis. This process shall
3 consider estimates of indirect costs associated with needed
4 transmission investments and ongoing utility expenses resulting
5 from integrating and operating eligible renewable energy
6 resources.

7 (C) Flexible rules for compliance including, but not limited to,
8 permitting electrical corporations to apply excess procurement in
9 one year to subsequent years or inadequate procurement in one
10 year to no more than the following three years.

11 (D) Standard terms and conditions to be used by all electrical
12 corporations in contracting for eligible renewable energy
13 resources, including performance requirements for renewable
14 generators.

15 (3) Consistent with the goal of procuring the least-cost and
16 best-fit eligible renewable energy resources, the renewable energy
17 procurement plan submitted by an electrical corporation shall
18 include, but is not limited to, all of the following:

19 (A) An assessment of annual or multiyear portfolio supplies
20 and demand to determine the optimal mix of renewable generation
21 resources with deliverability characteristics that may include
22 peaking, dispatchable, baseload, firm, and as-available capacity.

23 (B) Provisions for employing available compliance flexibility
24 mechanisms established by the commission.

25 (C) A bid solicitation setting forth the need for renewable
26 generation of each deliverability characteristic, required online
27 dates, and locational preferences, if any.

28 (4) In soliciting and procuring eligible renewable energy
29 resources, each electrical corporation shall offer contracts of no
30 less than 10 years in duration, unless the commission approves of
31 a contract of shorter duration.

32 (5) In soliciting and procuring eligible renewable energy
33 resources, each electrical corporation may give preference to
34 projects that provide tangible demonstrable benefits to
35 communities with a plurality of minority or low-income
36 populations.

37 (b) The commission shall review and accept, modify, or reject
38 each electrical corporation's renewable procurement plan 90 days
39 prior to the commencement of renewable procurement pursuant to
40 this article by the electrical corporation.

1 (c) The commission shall review the results of a renewable
2 energy resources solicitation submitted for approval by an
3 electrical corporation and accept or reject proposed contracts with
4 eligible renewable energy resources based on consistency with the
5 approved renewable procurement plan. If the commission
6 determines that the bid prices are elevated due to a lack of effective
7 competition amongst the bidders, the commission shall direct the
8 electrical corporation to renegotiate such contracts or conduct a
9 new solicitation.

10 (d) If an electrical corporation fails to comply with a
11 commission order adopting a renewable procurement plan, the
12 commission shall exercise its authority pursuant to Section 2113
13 to require compliance.

14 (e) Upon application by an electrical corporation, the
15 commission may authorize another entity to enter into contracts on
16 behalf of customers of the electrical corporation for deliveries of
17 eligible renewable energy resources to satisfy the annual portfolio
18 standard obligations, subject to similar terms and conditions
19 applicable to an electrical corporation. The commission shall
20 allow the procurement entity to recover reasonable costs through
21 retail rates subject to review and approval.

22 (f) Procurement and administrative costs associated with
23 long-term contracts entered into by an electrical corporation for
24 eligible renewable energy resources pursuant to this article, at or
25 below the market price determined by the commission pursuant to
26 subdivision (c) of Section 399.15, shall be deemed reasonable per
27 se, and shall be recoverable in rates.

28 (g) For purposes of this article, “procure” means that a utility
29 may acquire the renewable output of electric generation facilities
30 that it owns or for which it has contracted. Nothing in this article
31 is intended to imply that the purchase of electricity from third
32 parties in a wholesale transaction is the preferred method of
33 fulfilling a retail seller’s obligation to comply with this article.

34 (h) Construction, alteration, demolition, installation, and
35 repair work on an eligible renewable energy resource that receives
36 production incentives or supplemental energy payments pursuant
37 to Sections 25742 and 25743 of the Public Resources Code,
38 including, but not limited to, work performed to qualify, receive,
39 or maintain production incentives or supplemental energy
40 payments is “public works” for the purposes of Chapter 1



(commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

~~SEC. 9.~~

SEC. 7. Section 399.15 of the Public Utilities Code is amended to read:

399.15. (a) In order to fulfill unmet long-term resource needs, the commission shall establish a renewables portfolio standard requiring all electrical corporations to procure a minimum quantity of output from eligible renewable energy resources as a specified percentage of total kilowatthours sold to their retail end-use customers each calendar year, if sufficient funds are made available pursuant to paragraph (2), and Section 399.6 and Chapter 8.6 (commencing with Section 25740) of Division 15 of the Public Resources Code, to cover the above-market costs of eligible renewables, and subject to all of the following:

(1) An electric corporation shall not be required to enter into long-term contracts with eligible renewable energy resources that exceed the market prices established pursuant to subdivision (c) of this section.

(2) The Energy Commission shall provide supplemental energy payments from funds in the New Renewable Resources Account in the Renewable Resource Trust Fund to eligible renewable energy resources pursuant to Chapter 8.6 (commencing with Section 25740) of Division 15 of the Public Resources Code, consistent with this article, for above-market costs. Indirect costs associated with the purchase of eligible renewable energy resources, such as imbalance energy charges, sale of excess energy, decreased generation from existing resources, or transmission upgrades shall not be eligible for supplemental energy payments, but shall be recoverable by an electrical corporation in rates, as authorized by the commission.

(3) For purposes of setting annual procurement targets, the commission shall establish an initial baseline for each electrical corporation based on the actual percentage of retail sales procured from eligible renewable energy resources in 2001, and, to the extent applicable, adjusted going forward pursuant to subdivision (a) of Section 399.12.

(b) The commission shall implement annual procurement targets for each electrical corporation as follows:

(1) Beginning on January 1, 2003, each electrical corporation shall, pursuant to subdivision (a), increase its total procurement of eligible renewable energy resources by at least an additional 1 percent of retail sales per year so that 20 percent of its retail sales are procured from eligible renewable energy resources no later than December 31, 2017. An electrical corporation with 20 percent of retail sales procured from eligible renewable energy resources in any year shall not be required to increase its procurement of such resources in the following year.

(2) Only for purposes of establishing these targets, the commission shall include all power sold to retail customers by the Department of Water Resources pursuant to Section 80100 of the Water Code in the calculation of retail sales by an electrical corporation.

(3) In the event that an electrical corporation fails to procure sufficient eligible renewable energy resources in a given year to meet any annual target established pursuant to this subdivision, the electrical corporation shall procure additional eligible renewable energy resources in subsequent years to compensate for the shortfall if sufficient funds are made available pursuant to paragraph (2), and Section 399.6 and Chapter 8.6 (commencing with Section 25740) of Division 15 of the Public Resources Code, to cover the above-market costs of eligible renewables.

(4) If supplemental energy payments from the Energy Commission, in combination with the market prices approved by the commission, are insufficient to cover the above-market costs of eligible renewable energy resources, the commission shall allow an electrical corporation to limit its annual procurement obligation to the quantity of eligible renewable energy resources that can be procured with available supplemental energy payments.

(c) The commission shall establish a methodology to determine the market price of electricity for terms corresponding to the length of contracts with renewable generators, in consideration of the following:

(1) The long-term market price of electricity for fixed price contracts, determined pursuant to the electrical corporation's general procurement activities as authorized by the commission.

(2) The long-term ownership, operating, and fixed-price fuel costs associated with fixed-price electricity from new generating facilities.

(3) The value of different products including baseload, peaking, and as-available output.

(d) The establishment of a renewables portfolio standard shall not constitute implementation by the commission of the federal Public Utility Regulatory Policies Act of 1978 (Public Law 95-617).

(e) The commission shall consult with the Energy Commission in calculating market prices under subdivision (c) and establishing other renewables portfolio standard policies.

~~SEC. 10.—~~

SEC. 8. Section 399.16 of the Public Utilities Code is amended to read:

399.16. The Energy Commission may consider an electric generating facility that is located outside the state to be an eligible renewable energy resource if it meets the criteria described in Section 399.12 and all of the following requirements:

(a) It is located so that it is, or will be, connected to the Western Electricity Coordinating Council (WECC) transmission system.

(b) It is developed with guaranteed contracts to sell its generation, and demonstrates delivery of energy, to a retail seller or the Independent System Operator.

(c) It participates in the accounting system to verify compliance with the renewables portfolio standard by retail sellers, once established by the Energy Commission pursuant to subdivision (b) of Section 399.13.

~~SEC. 11.—~~

SEC. 9. Section 445 of the Public Utilities Code is repealed.

~~SEC. 12.—~~

SEC. 10. Section 454.1 of the Public Utilities Code, as added by Chapter 1040 of the Statutes of 2000, is amended and renumbered to read:

464. (a) Reasonable expenditures by transmission owners that are electrical corporations to plan, design, and engineer reconfiguration, replacement, or expansion of transmission facilities are in the public interest and are deemed prudent if made for the purpose of facilitating competition in electric generation markets, ensuring open access and comparable service, or

1 maintaining or enhancing reliability, whether or not these
2 expenditures are for transmission facilities that become
3 operational.

4 (b) The commission and the Electricity Oversight Board shall
5 jointly facilitate the efforts of the state's transmission owning
6 electrical corporations to obtain authorization from the Federal
7 Energy Regulatory Commission to recover reasonable
8 expenditures made for the purposes stated in subdivision (a).

9 (c) Nothing in this section alters or affects the recovery of the
10 reasonable costs of other electric facilities in rates pursuant to the
11 commission's existing ratemaking authority under this code or
12 pursuant to the Federal Power Act (41 Stat. 1063; 16 U.S.C. Secs.
13 791a, et seq.). The commission may periodically review and adjust
14 depreciation schedules and rates authorized for an electric plant
15 that is under the jurisdiction of the commission and owned by an
16 electrical corporation and periodically review and adjust
17 depreciation schedules and rates authorized for a gas plant that is
18 under the jurisdiction of the commission and owned by a gas
19 corporation, consistent with this code.

20 ~~SEC. 13.—~~

21 *SEC. 11.* Section 780.5 of the Public Utilities Code is
22 amended to read:

23 780.5. The commission shall require every residential unit in
24 an apartment house or similar multiunit residential structure,
25 condominium, and mobilehome park for which a building permit
26 has been obtained on or after July 1, 1982, other than a dormitory
27 or other housing accommodation provided by any postsecondary
28 educational institution for its students or employees and other than
29 farmworker housing, to be individually metered for electrical and
30 gas service, except that separate metering for gas service is not
31 required for residential units which are not equipped with gas
32 appliances requiring venting or are equipped with only vented
33 decorative appliances or which receive the majority of energy used
34 for water or space heating from a solar energy system or through
35 cogeneration technology.

